



ANNUAL STATEMENT  
For the Year Ending December 31, 2008  
OF THE CONDITION AND AFFAIRS OF THE  
TOTAL HEALTH CARE, INC.

NAIC Group Code	1238 (Current Period)	1238 (Prior Period)	NAIC Company Code	95644	Employer's ID Number	38-2018957
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[X] No[ ] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	07/01/1973		Commenced Business	05/01/1976		
Statutory Home Office	3011 W. GRAND BLVD. SUITE 1600 (Street and Number)		DETROIT, MI 48202 (City or Town, State and Zip Code)			
Main Administrative Office	3011 W. GRAND BLVD. SUITE 1600 (Street and Number)		DETROIT, MI 48202 (City or Town, State and Zip Code)			
Mail Address	3011 W. GRAND BLVD. SUITE 1600 (Street and Number or P.O. Box)		DETROIT, MI 48202 (City or Town, State and Zip Code)			
Primary Location of Books and Records	DETROIT, MI 48202 (City or Town, State and Zip Code)		(313)871-2000 (Area Code) (Telephone Number)			
Internet Website Address	TOTALHEALTHCAREONLINE.COM		(313)871-2000 (Area Code) (Telephone Number)			
Statutory Statement Contact	GERARD A HAMANN, CFO (Name)		(313)871-7879 (Area Code)(Telephone Number)(Extension)			
	GHAMANN@THC-ONLINE.COM (E-Mail Address)		(313)871-7406 (Fax Number)			

OFFICERS

Name	Title
LYLE EDWARD ALGATE	EXECUTIVE DIRECTOR
GERTRUDE HELEN MINKIEWICZ	SECRETARY
MARY JANE CLAY	TREASURER
ROBYN JAMES ARRINGTON JR.,M.D.	MEDICAL DIRECTOR
DOUGLAS PAUL BAKER	CHAIRPERSON #
RUBY OCTAVIA COLE	VICE CHAIRPERSON #

OTHERS

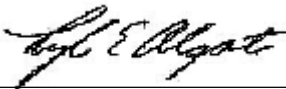
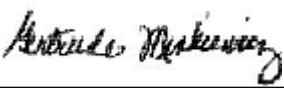
DIRECTORS OR TRUSTEES

JEANETTE ABBOTT  
RUBY OCTAVIA COLE  
MARY JANE CLAY  
VERLANDO SIMS #

DOUGLAS PAUL BAKER  
KATHLEEN THERESA KATHER  
GERTRUDE HELEN MINKIEWICZ

State of Michigan  
County of WAYNE ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

		
(Signature)	(Signature)	(Signature)
LYLE EDWARD ALGATE	GERTRUDE HELEN MINKIEWICZ	MARY JANE CLAY
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
EXECUTIVE DIRECTOR	SECRETARY	TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[ ]
day of , 2009	b. If no, 1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	1,000,000		1,000,000	1,000,000
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....	13,382,783		13,382,783	16,183,788
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....13,554,707 Schedule E Part 1), cash equivalents (\$.....0 Schedule E Part 2) and short-term investments (\$.....15,524,519 Schedule DA) .....	29,079,226		29,079,226	34,245,899
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Other invested assets (Schedule BA) .....				
8.	Receivables for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	43,462,009		43,462,009	51,429,687
11.	Title plants less \$.....0 charged off (for Title insurers only) .....				
12.	Investment income due and accrued .....	28,873		28,873	25,508
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection .....	783		783	707
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
13.3	Accrued retrospective premiums .....				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers .....				
14.2	Funds held by or deposited with reinsured companies .....				
14.3	Other amounts receivable under reinsurance contracts .....				
15.	Amounts receivable relating to uninsured plans .....				
16.1	Current federal and foreign income tax recoverable and interest thereon .....				
16.2	Net deferred tax asset .....				
17.	Guaranty funds receivable or on deposit .....				
18.	Electronic data processing equipment and software .....				
19.	Furniture and equipment, including health care delivery assets (\$.....0) .....				
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
21.	Receivables from parent, subsidiaries and affiliates .....				
22.	Health care (\$.....3,958,777) and other amounts receivable .....	4,286,267	921,744	3,364,523	1,720,613
23.	Aggregate write-ins for other than invested assets .....	98,902	98,902		
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	47,876,834	1,020,646	46,856,188	53,176,515
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	Total (Lines 24 and 25) .....	47,876,834	1,020,646	46,856,188	53,176,515
DETAILS OF WRITE-INS					
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301.	Intangible Assets .....	98,902	98,902		
2302.	.....				
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	98,902	98,902		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	13,268,619		13,268,619	19,795,360
2.	Accrued medical incentive pool and bonus amounts .....	548,048		548,048	1,719,379
3.	Unpaid claims adjustment expenses .....	298,476		298,476	290,721
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	8,162		8,162	8,063
9.	General expenses due or accrued .....				
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	32,252		32,252	
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$.....0 authorized reinsurers and \$.....0 unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured plans .....				
21.	Aggregate write-ins for other liabilities (including \$.....0 current) .....	3,000		3,000	3,000
22.	Total liabilities (Lines 1 to 21) .....	14,158,557		14,158,557	21,816,523
23.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
24.	Common capital stock .....	X X X	X X X		
25.	Preferred capital stock .....	X X X	X X X		
26.	Gross paid in and contributed surplus .....	X X X	X X X		
27.	Surplus notes .....	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
29.	Unassigned funds (surplus) .....	X X X	X X X	32,697,631	31,359,992
30.	Less treasury stock, at cost:				
30.1	.....0 shares common (value included in Line 24 \$.....0) .....	X X X	X X X		
30.2	.....0 shares preferred (value included in Line 25 \$.....0) .....	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30) .....	X X X	X X X	32,697,631	31,359,992
32.	Total Liabilities, capital and surplus (Lines 22 and 31) .....	X X X	X X X	46,856,188	53,176,515
DETAILS OF WRITE-INS					
2101.	Accrued Other .....	3,000		3,000	3,000
2102.	.....				
2103.	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....	3,000		3,000	3,000
2301.	.....	X X X	X X X		
2302.	.....	X X X	X X X		
2303.	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		
2801.	.....	X X X	X X X		
2802.	.....	X X X	X X X		
2803.	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	646,821	666,466
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	166,767,689	162,846,022
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....	(9,161,959)	(9,683,638)
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	Total revenues (Lines 2 to 7) .....	X X X .....	157,605,730	153,162,384
Hospital and Medical:				
9.	Hospital/medical benefits .....		103,470,471	95,796,513
10.	Other professional services .....		5,031,161	4,898,916
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....		12,340,385	9,583,599
13.	Prescription drugs .....		13,690,875	14,436,947
14.	Aggregate write-ins for other hospital and medical .....		750,555	2,290,028
15.	Incentive pool, withhold adjustments and bonus amounts .....		73,270	2,186,332
16.	Subtotal (Lines 9 to 15) .....		135,356,717	129,192,335
Less:				
17.	Net reinsurance recoveries .....		36,095	
18.	Total hospital and medical (Lines 16 minus 17) .....		135,320,622	129,192,335
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....0 cost containment expenses .....		343,429	366,007
21.	General administrative expenses .....		17,044,505	17,874,644
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....			
23.	Total underwriting deductions (Lines 18 through 22) .....		152,708,556	147,432,986
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	4,897,174	5,729,398
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		851,782	1,702,691
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....			(567)
27.	Net investment gains (losses) (Lines 25 plus 26) .....		851,782	1,702,124
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	5,748,956	7,431,522
31.	Federal and foreign income taxes incurred .....	X X X .....		
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	5,748,956	7,431,522
DETAILS OF WRITE-INS				
0601.	QUALITY ASSESSMENT ASSURANCE FEE .....	X X X .....	(9,161,959)	(9,683,638)
0602.	.....	X X X .....		
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....	(9,161,959)	(9,683,638)
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	Other Expense .....		750,555	2,290,028
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		750,555	2,290,028
2901.	.....			
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	31,359,992	20,714,003
34.	Net income or (loss) from Line 32 .....	5,748,956	7,431,522
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....	(3,755,005)	2,808,987
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....		
39.	Change in nonadmitted assets .....	(656,312)	405,480
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	1,337,639	10,645,989
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	32,697,631	31,359,992
DETAILS OF WRITE-INS			
4701.	.....	.....	.....
4702.	.....	.....	.....
4703.	.....	.....	.....
4798.	Summary of remaining write-ins for Line 47 from overflow page .....	.....	.....
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	.....	.....

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	166,767,712	162,973,818
2.	Net investment income .....	848,417	1,722,271
3.	Miscellaneous income .....	(10,478,879)	(9,325,960)
4.	Total (Lines 1 through 3) .....	157,137,250	155,370,129
5.	Benefit and loss related payments .....	144,926,694	126,715,449
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	17,380,179	18,278,952
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....		
10.	Total (Lines 5 through 9) .....	162,306,873	144,994,401
11.	Net cash from operations (Line 4 minus 10) .....	(5,169,623)	10,375,728
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	954,000	1,000,000
12.2	Stocks .....	11,250,000	
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		(568)
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	12,204,000	999,432
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....		1,000,000
13.2	Stocks .....	11,250,000	
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	11,250,000	1,000,000
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	954,000	(568)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(951,050)	233,498
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(951,050)	233,498
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(5,166,673)	10,608,658
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	34,245,899	23,637,241
19.2	End of year (Line 18 plus Line 19.1) .....	29,079,226	34,245,899

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....		
20.0002	.....		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	166,767,689	97,648						166,670,041		
2.	Change in unearned premium reserves and reserve for rate credit .....										
3.	Fee-for-service (net of \$.....0 medical expenses) .....										X X X
4.	Risk revenue .....										X X X
5.	Aggregate write-ins for other health care related revenues .....	(9,161,959)	(5,227)						(9,156,732)		X X X
6.	Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	Total revenues (Lines 1 to 6) .....	157,605,730	92,421						157,513,309		
8.	Hospital/medical benefits .....	103,470,471	62,569						103,407,902		X X X
9.	Other professional services .....	5,031,161	5,653						5,025,508		X X X
10.	Outside referrals .....										X X X
11.	Emergency room and out-of-area .....	12,340,385	7,145						12,333,240		X X X
12.	Prescription drugs .....	13,690,875	6,983						13,683,892		X X X
13.	Aggregate write-ins for other hospital and medical .....	750,555	31						750,524		X X X
14.	Incentive pool, withhold adjustments and bonus amounts .....	73,270	228						73,042		X X X
15.	Subtotal (Lines 8 to 14) .....	135,356,717	82,609						135,274,108		X X X
16.	Net reinsurance recoveries .....	36,095							36,095		X X X
17.	Total hospital and medical (Lines 15 minus 16) .....	135,320,622	82,609						135,238,013		X X X
18.	Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....0 cost containment expenses .....	343,429	379						343,050		
20.	General administrative expenses .....	17,044,505	18,564						17,025,941		
21.	Increase in reserves for accident and health contracts .....										X X X
22.	Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	Total underwriting deductions (Lines 17 to 22) .....	152,708,556	101,552						152,607,004		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	4,897,174	(9,131)						4,906,305		
DETAILS OF WRITE-INS											
0501.	QUALITY ASSESSMENT ASSURANCE FEE .....	(9,161,959)	(5,227)						(9,156,732)		X X X
0502.	.....										X X X
0503.	.....										X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page .....										X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	(9,161,959)	(5,227)						(9,156,732)		X X X
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Other Expense .....	750,555	31						750,524		X X X
1302.	.....										X X X
1303.	.....										X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page .....										X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	750,555	31						750,524		X X X

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	98,017		369	97,648
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employees Health Benefits Plan .....				
6.	Title XVIII - Medicare .....				
7.	Title XIX - Medicaid .....	166,896,496		226,455	166,670,041
8.	Other health .....				
9.	Health subtotal (Lines 1 through 8) .....	166,994,513		226,824	166,767,689
10.	Life .....				
11.	Property/casualty .....				
12.	TOTALS (Lines 9 to 11) .....	166,994,513		226,824	166,767,689



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	143,756,957	1,437,570						142,319,387		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	36,095							36,095		
1.4 Net	143,720,862	1,437,570						142,283,292		
2. Paid medical incentive pools and bonuses	1,130,533	596						1,129,937		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	13,268,619	14,573						13,254,046		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	13,268,619	14,573						13,254,046		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	548,048	289						547,759		
6. Net healthcare receivables (a)	1,946,769	7,843						1,938,926		
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	19,795,360	11,232						19,784,128		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	19,795,360	11,232						19,784,128		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	1,719,379	810						1,718,569		
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	135,283,447	1,433,068						133,850,379		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	36,095							36,095		
12.4 Net	135,247,352	1,433,068						133,814,284		
13. Incurred medical incentive pools and bonuses	(40,798)	75						(40,873)		

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	5,149,312	5,656						5,143,656		
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	5,149,312	5,656						5,143,656		
2. Incurred but Unreported:										
2.1 Direct .....	8,119,307	8,917						8,110,390		
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	8,119,307	8,917						8,110,390		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	13,268,619	14,573						13,254,046		
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	13,268,619	14,573						13,254,046		

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	4,977	80,216	8,000	6,573	12,977	11,232
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....						
7.	Title XIX - Medicaid .....	10,431,373	131,371,595	792,000	12,462,046	11,223,373	19,784,128
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	10,436,350	131,451,811	800,000	12,468,619	11,236,350	19,795,360
10.	Healthcare receivables (a) .....						
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....	252,207	878,326		548,048	252,207	1,719,379
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	10,688,557	132,330,137	800,000	13,016,667	11,488,557	21,514,739

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	18,305	19,259	18,830	18,738	89,581
2.	2004 .....	92,654	108,764	107,630	107,528	107,610
3.	2005 .....	X X X	102,550	110,098	110,367	110,599
4.	2006 .....	X X X	X X X	82,322	94,717	97,318
5.	2007 .....	X X X	X X X	X X X	109,650	119,830
6.	2008 .....	X X X	X X X	X X X	X X X	131,452

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	2,203	(384)	14,212	18,738	89,581
2.	2004 .....	105,331	109,914	107,630	107,528	107,610
3.	2005 .....	X X X	112,963	110,598	110,367	110,599
4.	2006 .....	X X X	X X X	97,041	94,917	97,318
5.	2007 .....	X X X	X X X	X X X	130,965	120,630
6.	2008 .....	X X X	X X X	X X X	X X X	144,469

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2004 .....	132,013	107,610			107,610	81.515			107,610	81.515
2.	2005 .....	138,913	110,599			110,599	79.617			110,599	79.617
3.	2006 .....	122,692	97,318			97,318	79.319		1	97,319	79.320
4.	2007 .....	162,846	119,830			119,830	73.585	800	7	120,637	74.080
5.	2008 .....	166,768	131,452			131,452	78.823	13,017	290	144,759	86.803

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	2,777	2,799	2,814	2,814	7,898
2.	2004 .....	10,434	11,990	12,009	12,009	12,009
3.	2005 .....	X X X	16,140	16,508	16,508	16,538
4.	2006 .....	X X X	X X X	71	77	216
5.	2007 .....	X X X	X X X	X X X	144	150
6.	2008 .....	X X X	X X X	X X X	X X X	80

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	1,728	1,213	3,649	2,814	7,898
2.	2004 .....	12,354	12,130	12,009	12,009	12,009
3.	2005 .....	X X X	16,339	16,538	16,508	16,538
4.	2006 .....	X X X	X X X	216	79	216
5.	2007 .....	X X X	X X X	X X X	154	158
6.	2008 .....	X X X	X X X	X X X	X X X	87

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2004 .....	21,322	12,009			12,009	56.322			12,009	56.322
2.	2005 .....	20,300	16,538			16,538	81.468			16,538	81.468
3.	2006 .....	(20)	216			216	(1,080.000)			216	(1,080.000)
4.	2007 .....	86	150			150	174.419	8		158	183.721
5.	2008 .....	98	80			80	81.633	7		87	88.776

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Federal Employees Health Benefits Plan Premiums

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....		749			
2.	2004 .....		1,577			
3.	2005 .....	X X X	1,112			
4.	2006 .....	X X X	X X X			
5.	2007 .....	X X X	X X X	X X X		
6.	2008 .....	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....		749			
2.	2004 .....		1,577			
3.	2005 .....	X X X	1,112			
4.	2006 .....	X X X	X X X			
5.	2007 .....	X X X	X X X	X X X		
6.	2008 .....	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2004 .....										
2.	2005 .....										
3.	2006 .....										
4.	2007 .....										
5.	2008 .....										

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....					
2.	2004 .....					
3.	2005 .....					
4.	2006 .....					
5.	2007 .....					
6.	2008 .....					

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....					
2.	2004 .....					
3.	2005 .....					
4.	2006 .....					
5.	2007 .....					
6.	2008 .....					

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2004 .....										
2.	2005 .....										
3.	2006 .....										
4.	2007 .....										
5.	2008 .....										



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	15,528	15,711	16,016	15,924	81,683
2.	2004 .....	82,220	95,197	95,621	95,519	95,601
3.	2005 .....	X X X	85,298	93,590	93,859	94,061
4.	2006 .....	X X X	X X X	82,251	94,640	97,102
5.	2007 .....	X X X	X X X	X X X	109,506	119,680
6.	2008 .....	X X X	X X X	X X X	X X X	131,372

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	475	(2,346)	10,563	15,924	81,683
2.	2004 .....	92,977	96,207	95,621	95,519	95,601
3.	2005 .....	X X X	95,512	94,060	93,859	94,061
4.	2006 .....	X X X	X X X	96,825	94,838	97,102
5.	2007 .....	X X X	X X X	X X X	130,811	120,472
6.	2008 .....	X X X	X X X	X X X	X X X	144,382

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2004 .....	110,691	95,601			95,601	86.367			95,601	86.367
2.	2005 .....	118,613	94,061			94,061	79.301			94,061	79.301
3.	2006 .....	122,712	97,102			97,102	79.130		1	97,103	79.131
4.	2007 .....	162,760	119,680			119,680	73.532	792	7	120,479	74.022
5.	2008 .....	166,670	131,372			131,372	78.822	13,010	290	144,672	86.801

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	.....	.....	.....	.....	.....
2.	2004 .....	.....	.....	.....	.....	.....
3.	2005 .....	X X X .....	.....	.....	.....	.....
4.	2006 .....	X X X .....	X X X .....	.....	.....	.....
5.	2007 .....	X X X .....	X X X .....	X X X .....	.....	.....
6.	2008 .....	X X X .....	X X X .....	X X X .....	X X X .....	.....

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2004	2 2005	3 2006	4 2007	5 2008
1.	Prior .....	.....	.....	.....	.....	.....
2.	2004 .....	.....	.....	.....	.....	.....
3.	2005 .....	X X X .....	.....	.....	.....	.....
4.	2006 .....	X X X .....	X X X .....	.....	.....	.....
5.	2007 .....	X X X .....	X X X .....	X X X .....	.....	.....
6.	2008 .....	X X X .....	X X X .....	X X X .....	X X X .....	.....

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2005 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2006 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2007 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2008 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$.....0) for investment income .....									
5. Aggregate write-ins for other policy reserves .....									
6. Totals (gross) .....									
7. Reinsurance ceded .....									
8. Totals (Net) (Page 3, Line 4) .....									
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. Totals (gross) .....									
13. Reinsurance ceded .....									
14. Totals (Net) (Page 3, Line 7) .....									
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page ..									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....									
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) ....									

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building) .....			165,076		165,076
2.	Salaries, wages and other benefits .....	343,429		7,711,621		8,055,050
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....					
4.	Legal fees and expenses .....			42,534		42,534
5.	Certifications and accreditation fees .....			715,511		715,511
6.	Auditing, actuarial and other consulting services .....			715,512		715,512
7.	Traveling expenses .....			636,010		636,010
8.	Marketing and advertising .....			20,637		20,637
9.	Postage, express and telephone .....			1,192,519		1,192,519
10.	Printing and office supplies .....			715,511		715,511
11.	Occupancy, depreciation and amortization .....			1,431,022		1,431,022
12.	Equipment .....			397,506		397,506
13.	Cost or depreciation of EDP equipment and software .....					
14.	Outsourced services including EDP, claims, and other services .....			613,470		613,470
15.	Boards, bureaus and association fees .....			159,002		159,002
16.	Insurance, except on real estate .....			1,097,551		1,097,551
17.	Collection and bank service charges .....			159,003		159,003
18.	Group service and administration fees .....					
19.	Reimbursements by uninsured plans .....					
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....					
22.	Real estate taxes .....					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....					
23.2	State premium taxes .....					
23.3	Regulator authority licenses and fees .....					
23.4	Payroll taxes .....			318,005		318,005
23.5	Other (excluding federal income and real estate taxes) .....					
24.	Investment expenses not included elsewhere .....					
25.	Aggregate write-ins for expenses .....			954,015		954,015
26.	Total expenses incurred (Lines 1 to 25) .....	343,429		17,044,505		(a)... 17,387,934
27.	Less expenses unpaid December 31, current year .....					
28.	Add expenses unpaid December 31, prior year .....					
29.	Amounts receivable relating to uninsured plans, prior year .....					
30.	Amounts receivable relating to uninsured plans, current year .....					
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	343,429		17,044,505		17,387,934
DETAILS OF WRITE-INS						
2501.	Office Supplies .....			954,015		954,015
2502.	.....					
2503.	.....					
2598.	Summary of remaining write-ins for Line 25 from overflow page .....					
2599.	Totals (Lines 2501 through 2503 + 2598) (Line 25 above) .....			954,015		954,015

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a) 290,842	283,721
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 557,575	568,061
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	848,417	851,782
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		
17.	Net Investment income (Line 10 minus Line 16)		851,782
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates				(3,755,005)	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)				(3,755,005)	
DETAILS OF WRITE-INS						
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties occupied for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Other invested assets (Schedule BA) .....			
8.	Receivables for securities .....			
9.	Aggregate write-ins for invested assets .....			
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....			
11.	Title plants (for Title insurers only) .....			
12.	Invested income due and accrued .....			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection .....			
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
13.3	Accrued retrospective premiums .....			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers .....			
14.2	Funds held by or deposited with reinsured companies .....			
14.3	Other amounts receivable under reinsurance contracts .....			
15.	Amounts receivable relating to uninsured plans .....			
16.1	Current federal and foreign income tax recoverable and interest thereon .....			
16.2	Net deferred tax asset .....			
17.	Guaranty funds receivable or on deposit .....			
18.	Electronic data processing equipment and software .....			
19.	Furniture and equipment, including health care delivery assets .....			
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
21.	Receivables from parent, subsidiaries and affiliates .....			
22.	Health care and other amounts receivable .....	921,744	229,468	(692,276)
23.	Aggregate write-ins for other than invested assets .....	98,902	134,866	35,964
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	1,020,646	364,334	(656,312)
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
26.	Total (Lines 24 and 25) .....	1,020,646	364,334	(656,312)
DETAILS OF WRITE-INS				
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....			
2301.	Intangible Assets .....	98,902	134,866	35,964
2302.	.....			
2303.	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page .....			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	98,902	134,866	35,964

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	54,551	54,624	53,626	53,714	53,566	646,821
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....						
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	54,551	54,624	53,626	53,714	53,566	646,821
DETAILS OF WRITE-INS							
0601.	.....						
0602.	.....						
0603.	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

## Notes to Financial Statement

### Note 1 – Nature of Business and Significant Accounting Policies

Total Health Care, Inc. (the "Company"), a not-for-profit corporation, operates as a state-licensed health maintenance organization (HMO). Total Health Care, Inc. provides medical services to persons primarily in southeastern Michigan who subscribe as recipients of state or federal health benefits, as part of an employer group, or as individuals. Effective November 1, 2005, the Company no longer provides medical services to employer groups. Employer group contracts formerly serviced by the Company were transferred to Total Health Care USA, Inc. in 2005.

Total Health Care, Inc., and its wholly owned subsidiaries, Total Health Choice, Inc. and Total Health Care USA, Inc., have common officers on their respective governing boards.

**Statutory Basis of Accounting** – The financial statements have been prepared in accordance with the NAIC Accounting Practices and Procedures manual and the statutory accounting principles as prescribed by Section 1007 of the Michigan statutes. Statutory accounting principles differ from generally accepted accounting principles (GAAP) in their definition of assets and liabilities. Specifically, certain assets (such as intangible assets and receivables greater than 90 days) are excluded from the statutory basis balance sheet. GAAP net assets exceed statutory net assets by approximately \$1,020,646 and \$364,334 at December 31, 2008 and 2007, respectively. There are no significant differences between statutory accounting principles prescribed by the NAIC and the State of Michigan accounting requirements that are applicable to the Company.

**Cash and Short-term Investments** – The Company considers all highly liquid investments purchased with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date are considered cash under statutory accounting principles.

**Investments** – Short-term investments and long-term certificates of deposit are recorded at amortized cost, which approximates fair market value. Long-term certificates of deposit are classified as bonds on the balance sheet per statutory guidance. Investments in health care subsidiaries are reported at the statutory net worth value of the subsidiary under the equity method and are reported as common stocks on the balance sheet. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in net investment income on the statement of operations. Changes in unrealized gains and losses on investments are included as a direct adjustment to capital and surplus.

**Revenue Recognition and Accounts Receivable** – Capitation revenue and subscriber premiums are recognized in the period that members are entitled to related health care services. A portion of the health care receivable is due from third-party payors for subscribers located within southeastern Michigan. No allowance for doubtful accounts is recorded in 2008 or 2007. Receivables greater than 90 days old are treated as

non-admitted for statutory accounting purposes. Approximately \$278,000 and \$229,000 of receivables greater than 90 days old were non-admitted in 2008 and 2007, respectively. The Company also pays quality assurance assessment fees based on a percentage of revenue. Revenue for 2008 and 2007 is reported net of the fees,



## Notes to Financial Statement

which totaled \$9,161,959 and \$9,683,638, respectively.

**Recognition of Medical and Hospital Expenses** – Medical and hospital expenses and the related liabilities are recorded when eligible medical and hospital services are authorized or performed. Unpaid claims represent management's estimate of the ultimate cost to settle all claims incurred prior to year-end. Capitation retained for the settlement of risk-sharing is included in the accrued medical incentive pool liability at December 31, 2008 and 2007.

**Physician Group Contracts** – The Company contracts with physician groups for the provision of medical care and compensates the groups on a capitation basis. During 2007, the Company revised its physician group contracts. These contracts have a specialty claims incentive and pay-for-performance incentive. If the providers meet the incentives, they share in the savings and a payable is recorded. If the providers do not meet the incentives, they share in the excess costs and a health care receivable is recorded if deemed collectible by management. During 2008 and 2007, health care receivables and payables have been recorded from/to providers.

**Hospital Group Contracts** – The Company has contracts with several hospitals and other groups. These contracts are paid under capitated fees or various other charge arrangements.

**Malpractice Claims** – The Company has a claims-made policy for malpractice insurance. The Company's policy is to accrue for estimated costs of claims and incidents during the term of the claims-made policy.

**Employee Staffing and Purchased Services Agreement** – The Company has an employee staffing and purchased services agreement with a limited liability company, which is responsible for payment of most of the management, operational, and administrative expenses. Ultimate operational control rests with the board of directors of Total Health Care, Inc.

**Income Taxes** – Total Health Care, Inc. has received federal income tax exemption under Internal Revenue Code Section 501(c)(4). The Company is also exempt from state and local income taxes.

**Funds Maintained Under Statutory Requirements** – The Company maintains segregated funds under statutory requirements to protect members and health care providers in the event the Company is unable to meet its contractual obligations. These funds can be used only at the direction of the insurance commissioner in accordance with statutory and contractual provisions. These funds are classified according to the nature of the investment. At December 31, 2008 and 2007, \$1,000,000 was held in bonds to fulfill these requirements. Interest earned on these funds can be utilized by the Company.

**Use of Estimates** – The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain significant estimates exist relating to unpaid claims. It is at least reasonably possible that these estimates will be materially revised in the near term.

## Notes to Financial Statement

### Note 2 – Accounting Changes and Corrections of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Michigan. Effective January 1, 2003, the State of Michigan required that health maintenance organizations domiciled in the state of Michigan prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual in effect on January 1, 2003 subject to any deviations prescribed or permitted by the State of Michigan insurance commissioner. There was no impact on the statutory financial statements as a result of the accounting changes.

### Note 3 – Business Combinations and Goodwill

This note is not applicable to the Company.

### Note 4 – Discontinued Operations

This note is not applicable to the Company.

### Note 5 – Investments

The Company does not have investments relating to mortgage loans, debt restructuring, reverse mortgages, loan-backed securities, repurchase agreement, or real estate.

### Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in joint ventures, partnerships, or limited liability companies.

### Note 7 – Investment Income

The Company has no investment income due and accrued over 90 days past due.

### Note 8 – Derivative Instruments

The Company does not invest in derivatives.

### Note 9 – Income Taxes

This note is not applicable to the Company.

### Note 10 – Information Concerning Parent, Subsidiaries, and Affiliates

The Company owns 100 percent of two subsidiaries: Total Health Care USA, Inc. and Total Health Choice, Inc. The Company has an employee, office space, and equipment leasing agreement with Total Health Care USA, Inc. (USA). The agreement calls for the Company to provide personnel, office space, and supplies necessary to USA in order for USA to carry out its HMO business operations. The agreement calls for USA to pay the Company 14 percent of USA's gross revenue from the second preceding month after certain deductions. During 2008 and 2007, the Company received \$5,350,263 and \$3,645,083, respectively, from this agreement.

## Notes to Financial Statement

The Company's provider contracts are all negotiated in conjunction with Total Health Care USA, Inc., the Company's wholly owned subsidiary. This contracting methodology ultimately produces a blended contract rate, which is higher than Total Health Care, Inc. would have incurred had it contracted for Medicaid members only, and a rate significantly lower than Total Health Care USA, Inc. could obtain for its commercial members. During 2007 an agreement was negotiated between the companies whereby the cost savings realized by Total Health Care USA, Inc. would be shared with the Company, thus reducing some of the excess cost realized by the Company. The amount of the adjustment for 2008 and 2007 was \$3,816,000 and \$3,819,089, respectively which has been recorded as a reduction of hospital and medical expenses. The Company then made capital contributions to Total Health Care USA, Inc. in 2008 and 2007 in the amounts of \$954,000 and \$3,819,089, respectively.

Total Health Care USA, Inc. has a statutory statement value of \$6,488,574 and \$10,062,527 at December 31, 2008 and 2007, respectively. Total Health Choice, Inc. has a statutory statement value of \$6,894,208 and \$6,121,261 at December 31, 2008 and 2007, respectively. The value of investments in Total Health Care USA, Inc. has been reduced by non-admitted assets totaling \$290,307 and \$43,399 at December 31, 2008 and 2007, respectively. The value of investments in Total Health Choice, Inc. has been reduced by non-admitted assets totaling \$100,965 and \$50,000 at December 31, 2008 and 2007, respectively.

### Note 11 – Debt

This note is not applicable to the Company.

### Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences, and Other Postretirement Benefit Plans

This note is not applicable to the Company.

### Note 13 – Capital and Surplus, Stockholders' Divided Restrictions, and Quasi-reorganizations

The portion of unassigned funds (surplus) represented or reduced by unrealized gains and the change in non-admitted asset value is \$(4,411,317) and \$3,214,467 at December 31, 2008 and 2007, respectively.

### Note 14 – Contingencies

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company. No amounts have been accrued for losses as no losses are deemed probable or estimable. Estimated losses for claims-related matters are accrued as claims unpaid.

### Note 15 – Leases

Notes to Financial Statement

The Company leases office space and computer software services under various non-cancelable operating lease agreements that expire through December 2009. Rent payments are the responsibility of the management company and are included in the monthly payment under the employee staffing and purchased services agreement. Rent expense for 2008 and 2007 was approximately \$814,700 and \$822,600, respectively. The future minimum rental payments under the operating lease as of December 31, 2008 are as follows:

2009	<u>761,700</u>
Total	<u>\$ 761,700</u>

Note 16 – Information about Financial Instruments with Off-balance-sheet Risk and Financial Instruments with Concentrations of Credit Risk

This note is not applicable to the Company.

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is not applicable to the Company.

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

This note is not applicable to the Company.

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third-party Administrators

This note is not applicable to the Company.

Note 20 – Other Items

At December 31, 2008 and 2007, the Company had admitted assets of \$3,037,816 and \$1,720,820, respectively, in accounts receivable for amounts due from subscribers, governmental entities, and other health care providers. During 2008 and 2007, the Company routinely assessed the collectability of these receivables and directly wrote off any uncollectible receivables accordingly. Receivables not expected to be collected within 90 days were considered non-admitted.

The Company did not have activity relating to extraordinary items, troubled debt restructuring, multiple peril crop insurance, or mezzanine real estate loans during 2008 and 2007.

Note 21 – Events Subsequent

No unusual or material events have occurred subsequent to year-end.

Note 22 – Reinsurance

A. Ceded Reinsurance Report

- Section 1 1) Total Health Care, Inc. does not have any ownership, directly or indirectly, in any Schedule S non-affiliated company.
- 2) The company does not have reinsurance policies with any companies chartered in a foreign country.

Notes to Financial Statement

Section 2 1) The company does not have any reinsurance agreements which may be unilaterally cancelled for reasons other than nonpayment of premiums.

2) The company had no reinsurance recoverable recorded at December 31, 2008 or 2007.

Section 3 1) The estimated reduction in surplus is zero.

2) The Company has a new agreement with Evergreen Re effective November, 2008. The reinsurance policy provides the same coverages on an annual per member basis after a \$220,000 deductible is reached. The maximum lifetime reinsurance indemnity payable under each agreement is \$2,000,000 per member.

B. Uncollectible Reinsurance

Total Health Care, Inc. did not write off any reinsurance during the year 2008 or 2007.

C. Commutation of Ceded Reinsurance

Total Health Care, Inc. did not have any commutation of reinsurance during the year 2008 or 2007.

Note 23 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

This note is not applicable to the Company.

Note 24 – Change in Incurred Losses

The estimated reserve for claims payable, including known and unsettled claims, is determined by the Company. The method of making such estimates and for establishing the resulting reserves is continually reviewed and updated and any adjustments resulting therefrom are reflected in expense currently. The estimated reserve for claims incurred but not reported has been determined by an enrolled actuary.

Although management believes that the provision for unpaid claims is adequate, no assurance can be given that the ultimate settlement of these liabilities may not be greater or less than such estimates. Any future adjustments to these amounts will affect the reported results of future periods.

Activity in the liability for medical claims, accrued medical incentive pools, and unpaid claims adjustment expense is summarized as follows:

	2008	2007
Balance – Beginning of year	\$ 21,805,460	\$ 15,547,786
Incurred (Recovered) Related to		
Current year	144,468,478	130,965,209
Prior years	(9,140,101)	(1,811,175)
Total incurred	135,328,377	129,154,034
Paid Related to		
Current year	132,330,137	110,192,369
Prior years	10,688,557	12,703,991

Notes to Financial Statement

Total paid	143,018,694	122,896,360
Reserve for Claims – End of year	<u>\$ 14,115,143</u>	<u>\$ 21,805,460</u>

The 2008 and 2007 amounts incurred relating to prior years increased (decreased) due to claims settling for more or less than originally estimated.

Note 25 – Intercompany Pooling Arrangements

This note is not applicable to the Company.

Note 26 – Structured Settlements

This note is not applicable to the Company.

Note 27 – Health Care Receivables

The Company reports risk-sharing receivables and payables related to global capitation and specialty claims arrangements based upon the terms of its contracts.

Pharmaceutical rebates receivable at December 31, 2008 and 2007 were \$99,416 and \$0, respectively. Rebates are netted with pharmacy expense. During 2008 and 2007, pharmacy rebates in the amount of \$312,715 and \$67,848, respectively, were collected.

Health care receivables include the following amounts related to Pharmaceutical rebates receivables:

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/08	99,416	99,416	0	0	0
9/30/08	98,959	98,959	0	0	0
6/30/08	99,346	99,346	0	0	0
3/31/08	100,946	100,946	0	0	18,662
12/31/07	0	94,761	0	0	114,080
09/30/07	0	95,680	0	0	36,219
06/30/07	0	91,010	0	0	3,319
03/31/07	0	100,869	0	0	78,397
12/31/06	0	47,569	0	0	47,569
09/30/06	0	61,781	0	0	61,781
06/30/06	0	6,065	0	0	6,065
03/31/06	0	14,471	0	0	14,471

Health care receivables include the following amounts related to specialty pool receivables:

<u>Evaluation</u> <u>Calendar</u> <u>Year</u>	<u>Period</u> <u>Year</u> <u>Ending</u>	<u>Risk-sharing</u> <u>Receivable as</u> <u>Estimated in the</u>	<u>Risk-sharing</u> <u>Receivable as</u> <u>Estimated in the</u>	<u>Risk-sharing</u> <u>Receivable</u> <u>Billed</u>	<u>Risk-sharing</u> <u>Receivable Not</u> <u>Yet Billed</u>	<u>Actual</u> <u>Risk-sharing</u> <u>Amounts</u>	<u>Actual</u> <u>Risk-sharing</u> <u>Amounts Received</u>
---	---	--	--	---	---	--	---

Notes to Financial Statement

		<u>Prior Year</u>		<u>Current Year</u>		<u>Received in Year</u>	<u>First Year</u>
						<u>Billed</u>	<u>Subsequent</u>
2008	2008	\$	-	\$	585,454	\$	-
	2009		-		-		-
2007	2007		463,733		-		-
	2008		-		32,779		463,733
2006	2006		418,832		-		-
	2007		-		-		-
					418,832		418,832

Note 28 – Participating Policies

This note is not applicable to the Company.

Note 29 – Premium Deficiency Reserves

This note is not applicable to the Company.

Note 30 – Anticipated Salvage and Subrogation

Loss reserves have not been reduced for any salvage or subrogation. During 2008 and 2007, the Company received subrogation totaling \$42,494 and \$59,739, respectively.

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]
- 1.3 State Regulating?

Michigan
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2005
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

08/02/2007
- 3.4 By what department or departments?

MICHIGAN OFFICE OF FINANCIAL AND INSURANCE SERVICES
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
N/A	

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
N/A		Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]	Yes[ ] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

PLANTE & MORAN, PLLC 2601 CAMBRIDGE COURT, SUITE 500, AUBURN HILLS, MI 48326
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

GREG FANN, WAKELY CONSULTING GROUP, 19321 US HIGHWAY 19 N, SUITE 515, CLEARWATER, FL 33764
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved

0
- 11.13 Total book/adjusted carrying value

\$ 0
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[ ] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]



GENERAL INTERROGATORIES (Continued)

- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]
- 13.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[ ]

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

13.11 If the response to 13.1 is No, please explain:

13.2 Has the code of ethics for senior managers been amended?

Yes[ ] No[X]

13.21 If the response to 13.2 is Yes, provide information related to amendment(s).

13.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[ ] No[X]

13.31 If the response to 13.3 is Yes, provide the nature of any waiver(s).
- BOARD OF DIRECTORS
14. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[ ]

15. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]

16. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[ ]
- FINANCIAL
17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[ ] No[X]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

\$ ..... 0

18.12 To stockholders not officers

\$ ..... 0

18.13 Trustees, supreme or grand (Fraternal only)

\$ ..... 0

18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

\$ ..... 0

18.22 To stockholders not officers

\$ ..... 0

18.23 Trustees, supreme or grand (Fraternal only)

\$ ..... 0

19.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

\$ ..... 0

19.22 Borrowed from others

\$ ..... 0

19.23 Leased from others

\$ ..... 0

19.24 Other

\$ ..... 0

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

\$ ..... 0

20.22 Amount paid as expenses

\$ ..... 0

20.23 Other amounts paid

\$ ..... 0

21.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[ ] No[X]

21.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ ..... 0
- INVESTMENT
- 22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)

Yes[X] No[ ]

22.2 If no, give full and complete information, relating thereto:

22.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet, (an alternative is to reference Note 16 where this information is also provided)

22.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[ ] No[ ] N/A[X]

22.5 If answer to 22.4 is YES, report amount of collateral

\$ ..... 0

22.6 If answer to 22.4 is NO, report amount of collateral

\$ ..... 0

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3).

Yes[X] No[ ]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Subject to repurchase agreements

\$ ..... 0

23.22 Subject to reverse repurchase agreements

\$ ..... 0

23.23 Subject to dollar repurchase agreements

\$ ..... 0

23.24 Subject to reverse dollar repurchase agreements

\$ ..... 0

23.25 Pledged as collateral

\$ ..... 0

23.26 Placed under option agreements

\$ ..... 0

23.27 Letter stock or securities restricted as to sale

\$ ..... 0

23.28 On deposit with state or other regulatory body

\$ ..... 1,000,000

23.29 Other

\$ ..... 0

23.3 For category (23.27) provide the following:
- | 1                     | 2           | 3      |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| .....                 | .....       | .....  |
- 24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[ ] N/A[X]

If no, attach a description with this statement.

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]

25.2 If yes, state the amount thereof at December 31 of the current year.

\$ ..... 0

26.1

GENERAL INTERROGATORIES (Continued)

26. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[ ]

1 Name of Custodian(s)	2 Custodian's Address
JP MORGAN - KATE MCDONALD .....	500 STANTON CHRISTIANA RD., NEWARK, DE 19713 .....
COMERICA BANK - LYNN HUTZEL-UISEL .....	P.O. BOX 75000, DETROIT, MI 48275-3462 .....
SMITH BARNEY - ALBERT BERGER .....	101 W BIG BEAVER RD., TROY, MI 48084 .....

- 26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
N/A .....	.....	.....

- 26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?
- 26.04 If yes, give full and complete information relating thereto:
- Yes[ ] No[X]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....	.....	.....	.....

- 26.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A .....	.....	.....

- 27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 27.2 If yes, complete the following schedule:
- Yes[ ] No[X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	N/A .....	.....
27.2999 Total .....	.....	.....

- 27.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation
N/A .....	.....	.....	.....

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1  Statement (Admitted) Value	2  Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
28.1 Bonds .....	..... 16,524,519	..... 16,524,519	.....
28.2 Preferred stocks .....	.....	.....	.....
28.3 Totals .....	..... 16,524,519	..... 16,524,519	.....

- 28.4 Describe the sources of methods utilized in determining the fair values
- BANK STATEMENTS

- 29.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?
- 29.2 If no, list exceptions:
- N/A
- Yes[ ] No[X]

GENERAL INTERROGATORIES (Continued)  
OTHER

30.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 0  
30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

31.1 Amount of payments for legal expenses, if any? \$ ..... 42,534  
31.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
NUYEN, TOMTISHEN AND AOUN, P.C. ....	..... 36,010

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 0  
32.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

## GENERAL INTERROGATORIES (Continued)

## PART 2 - HEALTH INTERROGATORIES

	Yes[ ]	No[X]
1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?		0
1.2 If yes, indicate premium earned on U.S. business only:	\$ .....	0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$ .....	0
1.31 Reason for excluding:		
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$ .....	0
1.5 Indicate total incurred claims on all Medicare Supplement insurance.	\$ .....	0
1.6 Individual policies - Most current three years:		
1.61 Total premium earned	\$ .....	0
1.62 Total incurred claims	\$ .....	0
1.63 Number of covered lives	.....	0
All years prior to most current three years:		
1.64 Total premium earned	\$ .....	0
1.65 Total incurred claims	\$ .....	0
1.66 Number of covered lives	.....	0
1.7 Group policies - Most current three years:		
1.71 Total premium earned	\$ .....	0
1.72 Total incurred claims	\$ .....	0
1.73 Number of covered lives	.....	0
All years prior to most current three years:		
1.74 Total premium earned	\$ .....	0
1.75 Total incurred claims	\$ .....	0
1.76 Number of covered lives	.....	0

## 2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	166,767,689	162,846,022
2.2	Premium Denominator .....	166,767,689	162,846,022
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4	Reserve Numerator .....	13,816,667	21,514,739
2.5	Reserve Denominator .....	13,816,667	21,514,739
2.6	Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

3.1	Has the reporting entity received any reward or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?	Yes[ ] No[X]
3.2	If yes, give particulars:	
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?	Yes[X] No[ ]
4.2	If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?	Yes[ ] No[X]
5.1	Does the reporting entity have stop-loss reinsurance?	Yes[X] No[ ]
5.2	If no, explain:	
5.3	Maximum retained risk (see instructions):	
5.31	Comprehensive Medical	\$ ..... 273,000
5.32	Medical Only	\$ ..... 0
5.33	Medicare Supplement	\$ ..... 0
5.34	Dental & Vision	\$ ..... 0
5.35	Other Limited Benefit Plan	\$ ..... 0
5.36	Other	\$ ..... 0
6.	Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements: CATASTROPHIC INSURANCE, LOOK SOLELY LANGUAGE IN CONTRACTS, INSOLVENCY INSURANCE	
7.1	Does the reporting entity set up its claim liability for provider services on a service date base?	Yes[X] No[ ]
7.2	If no, give details:	
8.	Provide the following information regarding participating providers:	
8.1	Number of providers at start of reporting year	..... 1,239
8.2	Number of providers at end of reporting year	..... 1,931
9.1	Does the reporting entity have business subject to premium rate guarantees?	Yes[ ] No[X]
9.2	If yes, direct premium earned:	
9.21	Business with rate guarantees between 15-36 months	..... 0
9.22	Business with rate guarantees over 36 months	..... 0
10.1	Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?	Yes[X] No[ ]
10.2	If yes:	
10.21	Maximum amount payable bonuses	\$ ..... 548,048
10.22	Amount actually paid for year bonuses	\$ ..... 878,326
10.23	Maximum amount payable withholds	\$ ..... 0
10.24	Amount actually paid for year withholds	\$ ..... 0
11.1	Is the reporting entity organized as:	
11.12	A Medical Group/Staff Model,	Yes[ ] No[X]
11.13	An Individual Practice Association (IPA), or,	Yes[ ] No[X]
11.14	A Mixed Model (combination of above)?	Yes[ ] No[X]
11.2	Is the reporting entity subject to Minimum Net Worth Requirements?	Yes[X] No[ ]
11.3	If yes, show the name of the state requiring such net worth. MICHIGAN	
11.4	If yes, show the amount required.	\$ ..... 16,231,908
11.5	Is this amount included as part of a contingency reserve in stockholder's equity?	Yes[ ] No[X]
11.6	If the amount is calculated, show the calculation. Calculation is based on 200% RBC. See RBC calculation.	
12.	List service areas in which the reporting entity is licensed to operate:	

1	
Name of Service Area	
WAYNE COUNTY .....	
OAKLAND COUNTY .....	
MACOMB COUNTY .....	
GENESEE COUNTY .....	

FIVE-YEAR HISTORICAL DATA

	1 2008	2 2007	3 2006	4 2005	5 2004
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	46,856,188	53,176,515	36,946,909	27,890,810	30,832,079
2. Total liabilities (Page 3, Line 22) .....	14,158,557	21,816,523	16,232,906	14,284,155	17,293,338
3. Statutory surplus .....	32,697,631	31,359,992	20,714,003	13,908,098	9,865,664
4. Total capital and surplus (Page 3, Line 31) .....	32,697,631	31,359,992	20,714,003	13,606,655	13,538,741
<b>INCOME STATEMENT (Page 4)</b>					
5. Total revenues (Line 8) .....	157,605,730	153,162,384	115,233,802	131,223,881	126,545,395
6. Total medical and hospital expenses (Line 18) .....	135,320,622	129,192,335	95,623,537	113,103,096	106,445,068
7. Claims adjustment expenses (Line 20) .....	343,429	366,007	336,519	401,676	364,346
8. Total administrative expenses (Line 21) .....	17,044,505	17,874,644	16,439,868	19,961,583	17,775,959
9. Net underwriting gain (loss) (Line 24) .....	4,897,174	5,729,398	2,833,878	(2,242,474)	1,960,022
10. Net investment gain (loss) (Line 27) .....	851,782	1,702,124	1,194,697	738,859	364,019
11. Total other income (Lines 28 plus 29) .....				81,217	116,073
12. Net income or (loss) (Line 32) .....	5,748,956	7,431,522	4,028,575	(1,422,398)	2,440,114
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	(5,169,623)	10,375,728	9,175,113		
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. Total adjusted capital .....	32,697,631	31,359,992	20,714,003	13,606,655	13,538,741
15. Authorized control level risk-based capital .....	8,115,954	7,373,398	6,262,976	6,954,049	4,932,832
<b>ENROLLMENT (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7) .....	53,566	54,551	54,270	51,775	63,584
17. Total members months (Column 6, Line 7) .....	646,821	666,466	636,790	736,201	722,027
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....	81.1	79.3	77.9	80.9	80.0
20. Cost containment expenses .....	0.2	0.2	0.3	0.3	0.3
21. Other claims adjustment expenses .....					
22. Total underwriting deductions (Line 23) .....	91.6	90.5	91.6	95.5	93.1
23. Total underwriting gain (loss) (Line 24) .....	3	4	2	(2)	1
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5) .....	11,488,557	12,903,991	10,180,207	16,496,483	22,461,053
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	21,514,739	15,218,764	11,597,436	16,379,870	22,905,399
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 25, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 53, Column 1) .....	13,382,783	16,183,788	9,555,711	8,313,405	5,915,261
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. Total of above Lines 26 to 31 .....	13,382,783	16,183,788	9,555,711	8,313,405	5,915,261

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS  
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL) .....	N								
2.	Alaska (AK) .....	N								
3.	Arizona (AZ) .....	N								
4.	Arkansas (AR) .....	N								
5.	California (CA) .....	N								
6.	Colorado (CO) .....	N								
7.	Connecticut (CT) .....	N								
8.	Delaware (DE) .....	N								
9.	District of Columbia (DC) .....	N								
10.	Florida (FL) .....	N								
11.	Georgia (GA) .....	N								
12.	Hawaii (HI) .....	N								
13.	Idaho (ID) .....	N								
14.	Illinois (IL) .....	N								
15.	Indiana (IN) .....	N								
16.	Iowa (IA) .....	N								
17.	Kansas (KS) .....	N								
18.	Kentucky (KY) .....	N								
19.	Louisiana (LA) .....	N								
20.	Maine (ME) .....	N								
21.	Maryland (MD) .....	N								
22.	Massachusetts (MA) .....	N								
23.	Michigan (MI) .....	L	98,017		166,896,496				166,994,513	
24.	Minnesota (MN) .....	N								
25.	Mississippi (MS) .....	N								
26.	Missouri (MO) .....	N								
27.	Montana (MT) .....	N								
28.	Nebraska (NE) .....	N								
29.	Nevada (NV) .....	N								
30.	New Hampshire (NH) .....	N								
31.	New Jersey (NJ) .....	N								
32.	New Mexico (NM) .....	N								
33.	New York (NY) .....	N								
34.	North Carolina (NC) .....	N								
35.	North Dakota (ND) .....	N								
36.	Ohio (OH) .....	N								
37.	Oklahoma (OK) .....	N								
38.	Oregon (OR) .....	N								
39.	Pennsylvania (PA) .....	N								
40.	Rhode Island (RI) .....	N								
41.	South Carolina (SC) .....	N								
42.	South Dakota (SD) .....	N								
43.	Tennessee (TN) .....	N								
44.	Texas (TX) .....	N								
45.	Utah (UT) .....	N								
46.	Vermont (VT) .....	N								
47.	Virginia (VA) .....	N								
48.	Washington (WA) .....	N								
49.	West Virginia (WV) .....	N								
50.	Wisconsin (WI) .....	N								
51.	Wyoming (WY) .....	N								
52.	American Samoa (AS) .....	N								
53.	Guam (GU) .....	N								
54.	Puerto Rico (PR) .....	N								
55.	U.S. Virgin Islands (VI) .....	N								
56.	Northern Marianas Islands (MP) .....	N								
57.	Canada (CN) .....	N								
58.	Aggregate other alien (OT) .....	X X X								
59.	Subtotal .....	X X X	98,017		166,896,496				166,994,513	
60.	Reporting entity contributions for Employee Benefit Plans .....	X X X								
61.	TOTAL (Direct Business) .....	(a) ... 1	98,017		166,896,496				166,994,513	
DETAILS OF WRITE-INS										
5801.	.....	X X X								
5802.	.....	X X X								
5803.	.....	X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page .....	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above) .....	X X X								

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.: ALL PREMIUMS ARED WRITTEN WITHIN THE STATE OF MICHIGAN.

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER**  
**MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

TOTAL HEALTH CARE, INC. - PARENT  
38-2018957, NAIC #95644, STATE OF MICHIGAN

TOTAL HEALTH CARE USA, INC. - WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.  
38-3240485, NAIC #12326, STATE OF MICHIGAN

TOTAL HEALTH CHOICE, INC. - WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.  
33-0603319, NAIC #95134, STATE OF FLORIDA

INDEX TO HEALTH  
ANNUAL STATEMENT

Exhibit of Nonadmitted Assets .....	16
Analysis of Operations By Lines of Business .....	7
Assets .....	2
Cash Flow .....	6
Exhibit 1 - Enrollment By Product Type for Health Business Only .....	17
Exhibit 2 - Accident and Health Premiums Due and Unpaid .....	18
Exhibit 3 - Health Care Receivables .....	19
Exhibit 4 - Claims Unpaid and Incentive Pool, Withhold and Bonus .....	20
Exhibit 5 - Amounts Due From Parent, Subsidiaries and Affiliates .....	21
Exhibit 6 - Amounts Due To Parent, Subsidiaries and Affiliates .....	22
Exhibit 7 - Part 1 - Summary of Transactions With Providers .....	23
Exhibit 7 - Part 2 - Summary of Transactions With Intermediaries .....	23
Exhibit 8 - Furniture, Equipment and Supplies Owned .....	24
Exhibit of Capital Gains (Losses) .....	15
Exhibit of Net Investment Income .....	15
Exhibit of Premiums, Enrollment and Utilization (State Page) .....	29
Five-Year Historical Data .....	28
General Interrogatories .....	26
Jurat Page .....	1
Liabilities, Capital and Surplus .....	3
Notes To Financial Statements .....	25
Overflow Page For Write-ins .....	41
Schedule A - Part 1 .....	E01
Schedule A - Part 2 .....	E02
Schedule A - Part 3 .....	E03
Schedule A - Verification Between Years .....	SI02
Schedule B - Part 1 .....	E04
Schedule B - Part 2 .....	E05
Schedule B - Part 3 .....	E06
Schedule B - Verification Between Years .....	SI02
Schedule BA - Part 1 .....	E07
Schedule BA - Part 2 .....	E08
Schedule BA - Part 3 .....	E09
Schedule BA - Verification Between Years .....	SI03
Schedule D - Part 1 .....	E10
Schedule D - Part 1A - Section 1 .....	SI05
Schedule D - Part 1A - Section 2 .....	SI08
Schedule D - Part 2 - Section 1 .....	E11
Schedule D - Part 2 - Section 2 .....	E12
Schedule D - Part 3 .....	E13
Schedule D - Part 4 .....	E14
Schedule D - Part 5 .....	E15
Schedule D - Part 6 - Section 1 .....	E16
Schedule D - Part 6 - Section 2 .....	E16
Schedule D - Summary By Country .....	SI04
Schedule D - Verification Between Years .....	SI03
Schedule DA - Part 1 .....	E17
Schedule DA - Verification Between Years .....	SI11
Schedule DB - Part A - Section 1 .....	E18
Schedule DB - Part A - Section 2 .....	E18
Schedule DB - Part A - Section 3 .....	E19
Schedule DB - Part A - Verification Between Years .....	SI12
Schedule DB - Part B - Section 1 .....	E19
Schedule DB - Part B - Section 2 .....	E20
Schedule DB - Part B - Section 3 .....	E20
Schedule DB - Part B - Verification Between Years .....	SI12
Schedule DB - Part C - Section 1 .....	E21
Schedule DB - Part C - Section 2 .....	E21
Schedule DB - Part C - Section 3 .....	E22



INDEX TO HEALTH  
ANNUAL STATEMENT

Schedule DB - Part C - Verification Between Years .....	SI13
Schedule DB - Part D - Section 1 .....	E22
Schedule DB - Part D - Section 2 .....	E23
Schedule DB - Part D - Section 3 .....	E23
Schedule DB - Part D - Verification Between Years .....	SI13
Schedule DB - Part E - Section 1 .....	E24
Schedule DB - Part E - Verification .....	SI13
Schedule DB - Part F - Section 1 .....	SI14
Schedule DB - Part F - Section 2 .....	SI15
Schedule E - Part 1 - Cash .....	E25
Schedule E - Part 2 - Cash Equivalents .....	E26
Schedule E - Part 3 - Special Deposits .....	E27
Schedule E - Verification Between Years .....	SI16
Schedule S - Part 1 - Section 2 .....	30
Schedule S - Part 2 .....	31
Schedule S - Part 3 - Section 2 .....	32
Schedule S - Part 4 .....	33
Schedule S - Part 5 .....	34
Schedule S - Part 6 .....	35
Schedule T - Part 2 - Interstate Compact .....	37
Schedule T - Premiums and Other Considerations .....	36
Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group .....	38
Schedule Y - Part 2 - Summary of Insurer's Transactions With Any Affiliates .....	39
Statement of Revenue and Expenses .....	4
Summary Investment Schedule .....	SI01
Supplemental Exhibits and Schedules Interrogatories .....	40
Underwriting and Investment Exhibit - Part 1 .....	8
Underwriting and Investment Exhibit - Part 2 .....	9
Underwriting and Investment Exhibit - Part 2A .....	10
Underwriting and Investment Exhibit - Part 2B .....	11
Underwriting and Investment Exhibit - Part 2C .....	12
Underwriting and Investment Exhibit - Part 2D .....	13
Underwriting and Investment Exhibit - Part 3 .....	14